

H. J. HEINZ COMPANY

ANNUAL REPORT



APRIL 30, 1947

H. J. Heinz Co



SUMMARY OF 1947 CONSOLIDATED FINANCIAL RESULTS

Net Sales	\$144,245,863
Net Profit	6,104,286
Net Profit Per Common Share—after preferred dividends.....	4.14
Shares of Common Stock Outstanding.....	1,408,664
Dividends Paid on Common Stock.....	2,174,956
Dividends Per Common Share	1.65
Total Taxes Charged to Profit and Loss.....	7,842,497
Total Taxes Per Common Share.....	5.57



BOARD OF DIRECTORS

H. J. HEINZ II*
President

A. L. SCHIEL*
Executive Vice President

H. N. RILEY*
Vice President in Charge of Manufacturing and Research

J. H. LETSCHE*
Vice President in Charge of Sales and Distribution

T. B. McCAFFERTY*
Secretary and Treasurer

J. G. BENNETT*
Director of Purchasing

L. M. MELIUS
Director of Foreign Sales

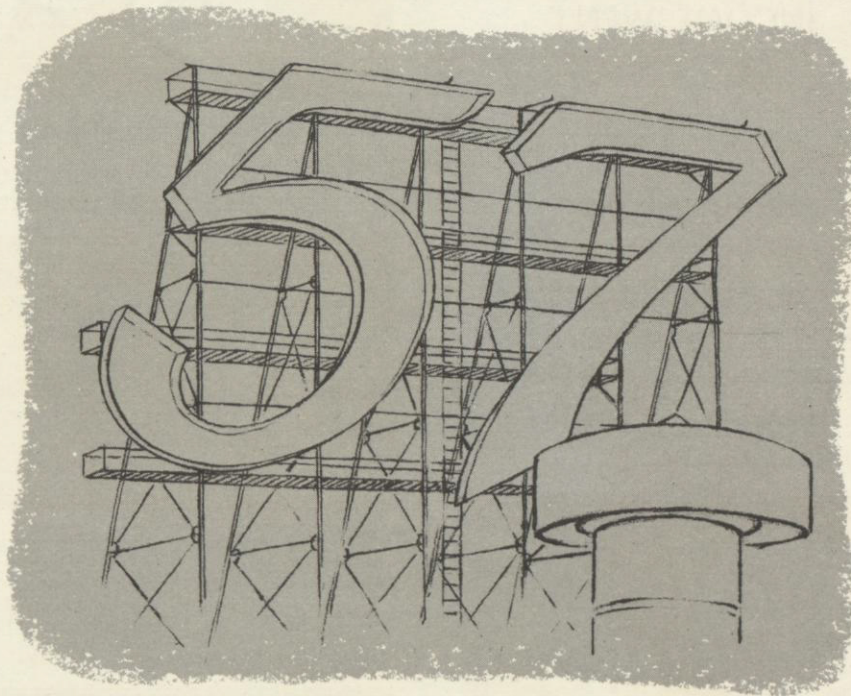
FRANKLIN BELL
Director of Advertising

J. B. HOLCOMB
Sales Manager

CHARLES HEINZ
Director of Personnel

J. M. STRATTON
Attorney at Law, New York

*Member of Executive Committee



THE PRESIDENT'S REPORT TO STOCKHOLDERS AND EMPLOYEES

The fiscal year ending April 30, 1947 was noteworthy in the 78 year history of H. J. Heinz Company. A record peacetime national income, partial freedom from wartime restrictions, and an improving supply situation, combined to make possible a volume of production and sales which exceeded any previous year.

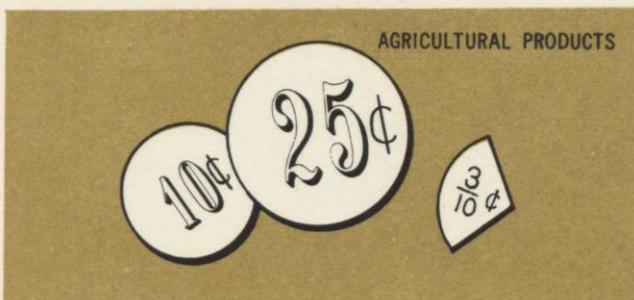
The year also witnessed a unique event as far as the Company is concerned. For the first time, Heinz stock was offered to the public. On October 15, 1946, 200,000 shares of common stock and 100,000 shares

of preferred stock were offered, and the entire amount was oversubscribed within twenty-four hours.

During the year, total world sales of Heinz products reached an all-time high of \$144,245,863. This increase reflected not only a substantial rise in U.S.A. sales, but a marked increase in the business of our foreign subsidiaries as well. In this report, I shall mention some of the facts which contributed to this record, and will describe briefly some of the more important features of the Company's activities.

WHERE EVERY DOLLAR OF SALES INCOME WENT

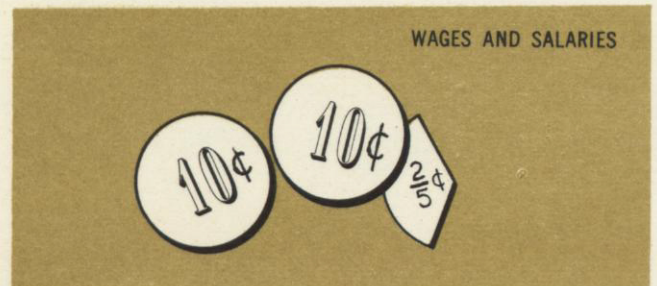
Last year, as in every other year, the largest part of the income from our U.S.A. operations was used to buy agricultural products and other materials such as tin, glass, labels and paper cases. The second largest part of the Company's income went to our employees. The following breakdown shows just how each dollar of Heinz income was distributed:



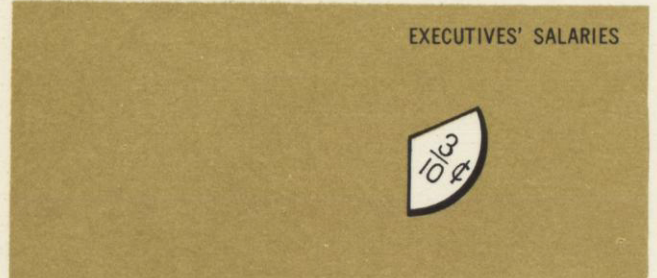
35.3 CENTS out of every dollar of income went to buy tomatoes, cucumbers, milk, meat, butter, grains, vegetables, fruits, spices, and the rest of the many farm products which are processed into the 57 Varieties. The total amount spent for agricultural products was \$39,166,232.



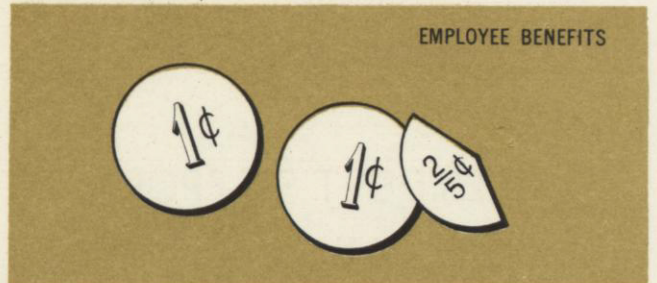
31.5 CENTS out of every dollar were used to buy tin and glass containers, labels, paper cases, railroad transportation and other services required for the selling and delivery of our merchandise. The total amount spent for these materials and services was \$34,829,064.



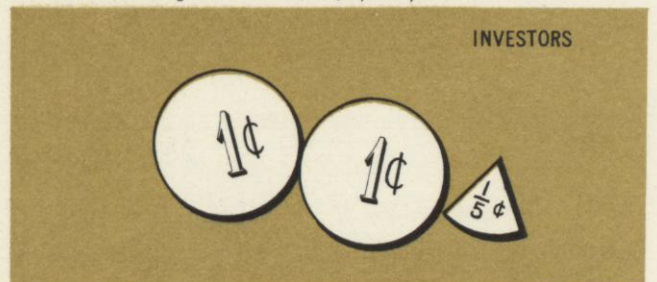
20.4 CENTS out of every dollar were paid to our employees. The total amount paid out in wages and salaries was \$22,675,068.



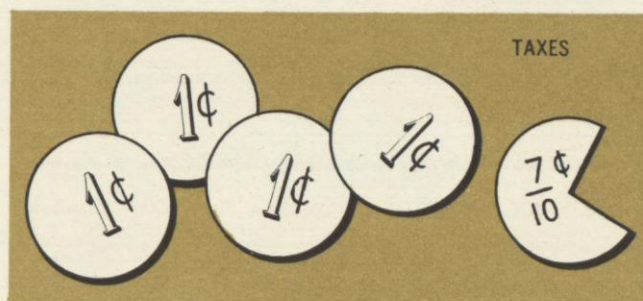
.3 THREE-TENTHS OF ONE CENT out of every dollar went to our 10 major executives who comprise the Company's top management. Total amount paid to them was \$328,625.



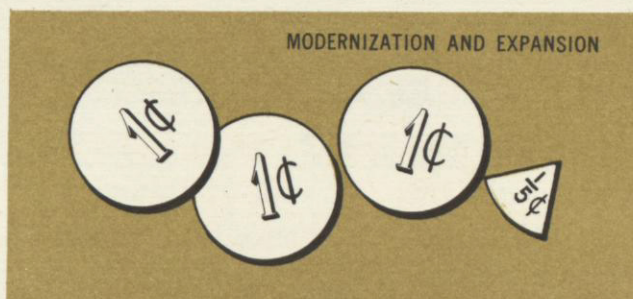
2.4 CENTS out of every dollar went to pay for vacations, pensions, insurance and other employee benefits. Total amount paid out was \$2,711,749.



2.2 CENTS out of every dollar of the income from our U. S. A. operations were paid to the more than 3000 owners of the business who have invested their money in the Company. The total amount paid out was \$2,443,264.



4.7 CENTS out of every dollar were used to pay federal, state and local taxes on income, real estate, personal property, and for such items as franchise, license and excise taxes. The total amount paid out in taxes was \$5,214,694.



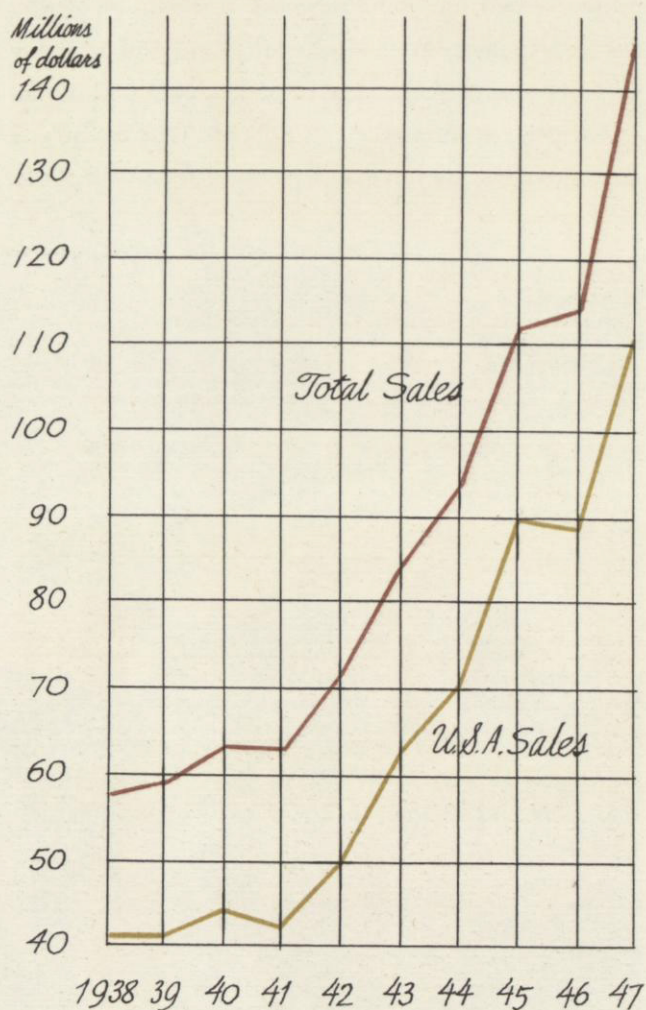
3.2 CENTS out of every dollar were retained in the business for modernization and expansion, for the erection of new buildings and for the purchase and installation of new equipment and machinery, and for possible future inventory price declines and other contingencies. The total amount retained in the business from American operations for these purposes was \$3,600,944.

U. S. A. SALES AT ALL TIME HIGH

Sales in the United States for the fiscal year just closed amounted to \$110,969,640. Both dollar sales and unit sales exceeded any previous record in the history of the Company. Four factors contributed materially to this sales record: an unprecedented demand for quality food products, the large purchasing power in the hands of consumers, re-introduction of some varieties previously discontinued because of wartime restrictions, and increased volume of other major varieties.

The increased dollar volume of sales was due in principal part to an increase in volume of production. Our increases in price have been modest, despite a substantial rise in wages and salaries and in the cost of raw materials.

During the year, we continued to sell and distribute several products not made in Heinz plants. Among such products are Sun-Maid Raisins; Magic Onions (dehydrated) which are sold only to the hotel and restaurant trade; and Swerl, a detergent for general washing and cleaning purposes in homes and dairies.



HEINZ—ONE OF NATION'S LARGE ADVERTISERS

Despite what many termed a seller's market during 1946 and early 1947, we continued advertising at the substantial level which has made Heinz and the 57 Varieties household names the world over. Last year was the 50th anniversary of the Company's famous trade mark, the "57," which was introduced 28 years after the Company was founded. We believe that the wisdom of our policy in continuing to advertise during times when goods were in short supply will be amply demonstrated during the coming years of keen competition among recognized brands.

During the year, our institutional advertising reflected our strong conviction that the responsibility of industrial management extends beyond the operation of a profitable and successful business. It should recognize, also, a responsibility to support the kind of democracy which respects the rights of individuals and under which private enterprise can flourish. Our country is demonstrating the force of democracy for world peace.

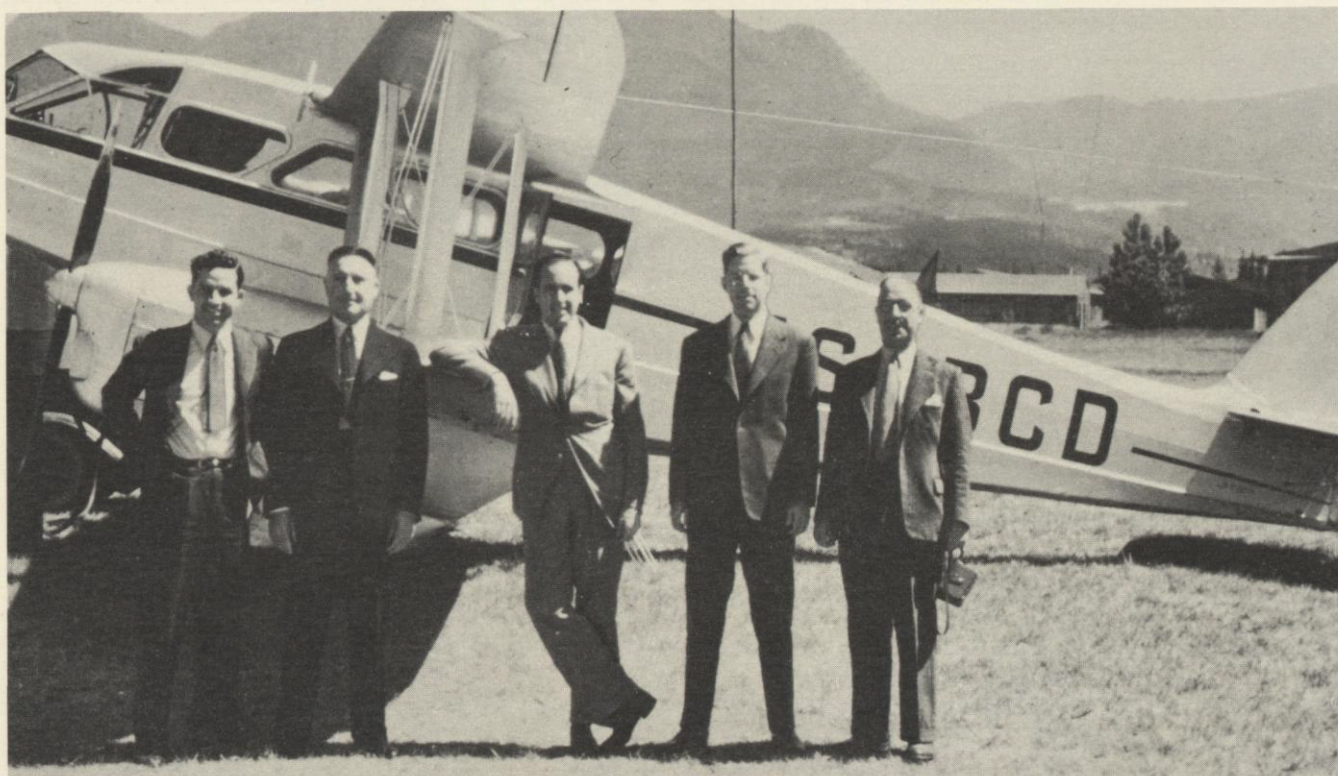
For this reason, H. J. Heinz Company publicly supported the program of the President's Famine Emergency Relief Committee in the spring of 1946; and, through advertisements in more than 700 newspapers, was instrumental in the shipment of 3,000,000 packages of baby food to Europe in the spring of 1947.

GENERAL EXPORT SALES EXCEED PRE-WAR YEARS

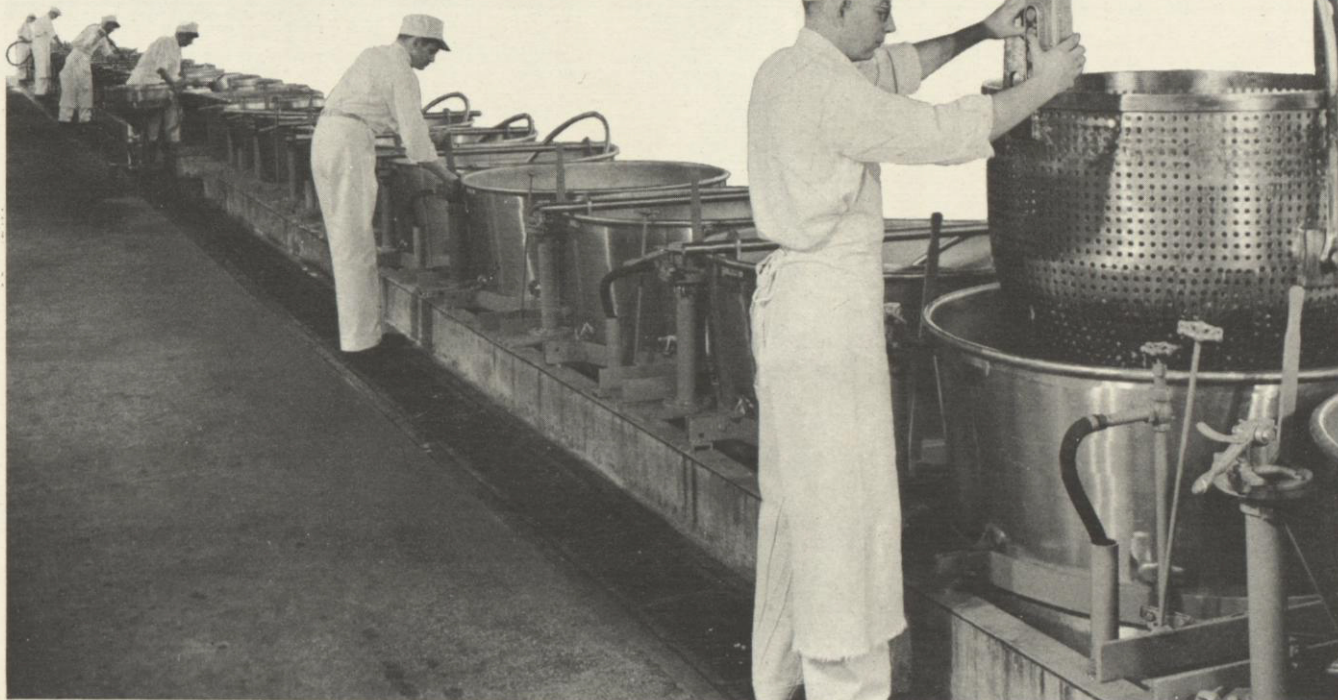
Countries not served directly by manufacturing subsidiaries of H. J. Heinz Company are supplied with the 57 Varieties through the General Export Division of the Company, with headquarters at Pittsburgh. Heinz-trained field men of many years' experience supervise agents in some 200 countries and territories around the world.

With the re-opening of world markets during the past year, general export sales rose sharply to a volume which was much greater than any experienced in the best pre-war year.

The Company's president (center) on a visit to South Africa to study expansion possibilities.



This growth has occurred largely in such nearby markets as Cuba, Mexico, Puerto Rico, Hawaii and Central and South America. Our South African business is up nearly 500%. Other distant markets such as India, Malaya and the Dutch East Indies, which have not yet returned to normal conditions, offer great promise in the future for the continued growth of our export business.



A new soup line begins production at Fremont, Ohio.

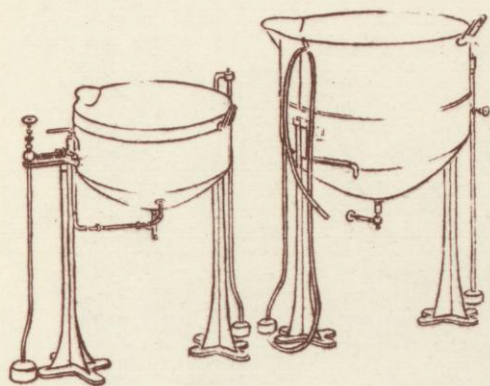
PRODUCTION EXPANDED

Each year since 1939, production in the various Heinz plants has shown a steady increase. This rise in production has been made possible by the more efficient use of existing facilities, by employing multiple shifts, and by the installation of the most modern high-speed equipment.

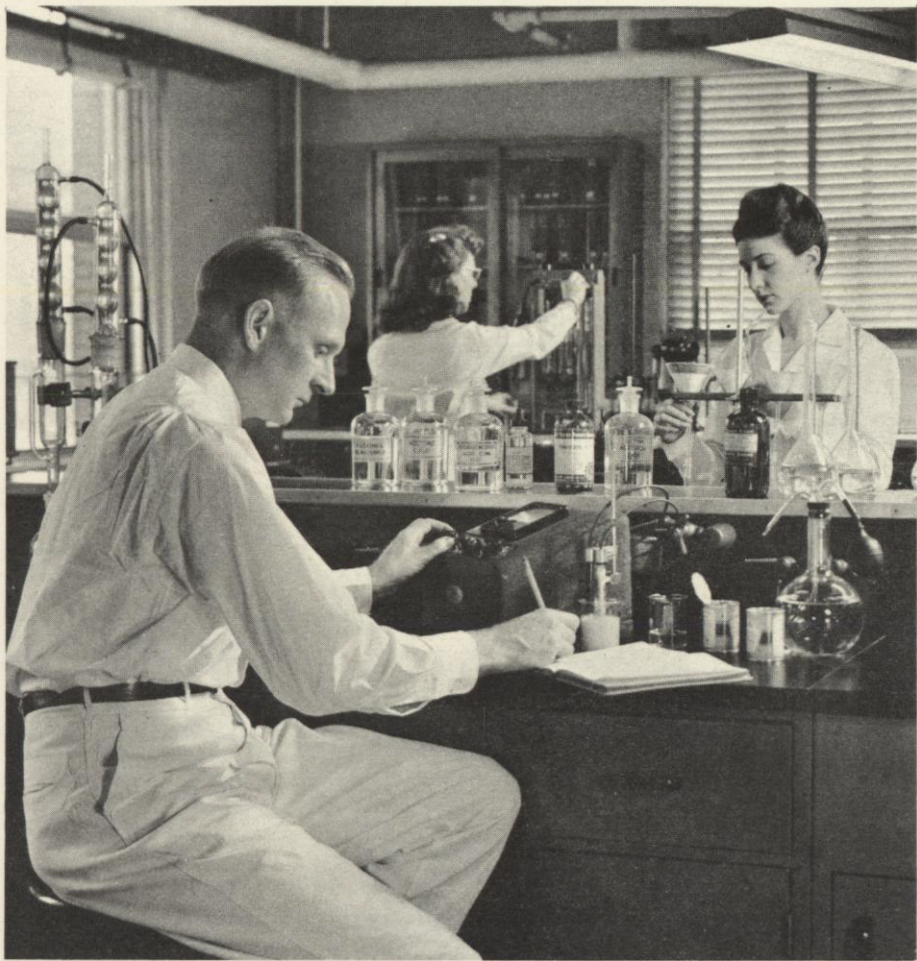
We continued to extend our production facilities by installing additional departments at existing factory locations. Chief among these is an installation just completed at our Fremont, Ohio plant to produce meat soups. The plant at Tracy, California, completed during the latter part of the 1945-46 fiscal year, accounts for 15% of our U.S.A. productive capacity.

Our 13 U.S.A. factories are located in the midst of farming areas from coast to coast which supply much of the agricultural produce used at these plants. This diversity of location provides insurance against crop failure in any one part of the country.

Last fall, when a blight destroyed much of the tomato crop in Pennsylvania, Maryland and New Jersey, our plant operations in those areas had to be curtailed. However, we were fortunate in having a fine crop in Iowa and a good crop in other parts of the country, with the result that our total production of tomato products reached an all-time high, exceeding our previous record by 20%.



QUALITY CONTROL AND RESEARCH



Skilled research chemists and technicians guarantee the high quality of Heinz products.

As never before, the war years emphasized the importance of the Heinz Quality Control and Research Department. In spite of the fact that many ingredients were difficult or even impossible to obtain, the quality of our products was maintained at pre-war level. When products could not be made that met our standards of quality, they were dropped temporarily from the line. In the last two years, the size of our scientific staff has been increased materially; and it now totals 52 persons, who are aided by an equal number of technical assistants.

The scientific staff is divided into five major divisions:

1. A quality control group responsible for establishing standards for raw materials and for finished products.
2. A quality control group, operating in each plant, which is responsible for enforcing standards.
3. A food research group responsible for finding and developing ways and means of improving the quality of the whole line of food products.
4. An engineering research group responsible for designing production equipment and lay-outs to take advantage of the most recent advances in technological development.
5. A group consisting of both chefs and scientists which is responsible for developing new products and new recipes.

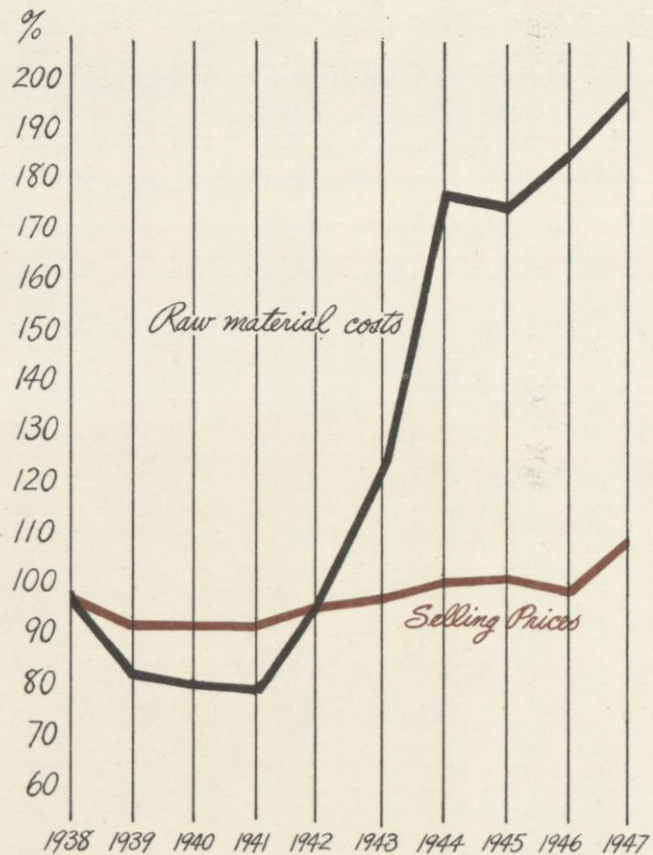
The Company continues to maintain a multiple research fellowship for pure and applied research, first established in 1921, at the Mellon Institute of Industrial Research in Pittsburgh. It also continues to contribute to the work of the Nutrition Foundation, which was established to further basic research in the field of human nutrition and health.

PROCUREMENT OF RAW MATERIALS

With the termination of price control, the cost of many ingredients essential to Heinz products rose spectacularly—in some instances more than 100%. There has been some recession from the maximum price level, but still today many ingredients for Heinz products cost much more than would be expected normally.

Our policy of decentralization of purchases, instituted five years ago, has proved effective. Our buyers now are spread across the country, so located that each one can buy a material portion of the items required by the Heinz plants in his vicinity. In addition, these buyers provide the Pittsburgh office with first-hand information on local crop and market conditions.

To build up the prestige of each factory and sales branch in its own community, such items as passenger automobiles, delivery trucks, hardware, food for plant cafeterias, and other miscellaneous items are now being purchased locally.



Foreign sources of supply, cut off during the war, are now re-opening. Europe, the East Indies, India, and Indo-China, which supply cloves, celery seed, cassia and other ingredients for our products, are once more exporting.

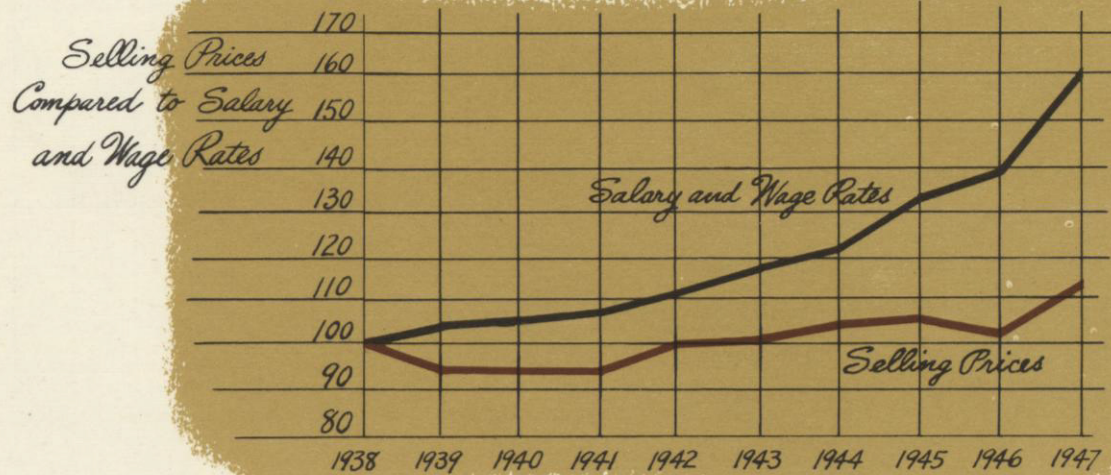
Heinz contract farmers delivering their tomato harvest at Bowling Green, Ohio.



9000 REGULARLY EMPLOYED

During the first full fiscal year following the close of the war, approximately 9000 persons were regularly employed in our U.S.A. operations. That number was

increased temporarily by approximately 5500 seasonal employees. They are annually engaged during the fresh crop processing season of three to four months. The highly fluctuating employment needs of the Company, brought about by its policy of packing fresh from the fields as many of its products as it can, creates a constantly recurring problem.



213 employees on the stage of Heinz Auditorium, Pittsburgh, for annual presentation of service awards, December, 1946.



HEINZ EMPLOYEES, OUR MOST VALUABLE ASSET

The Company has always believed that its employees constitute its most valuable asset. Twenty-seven per cent of its present force has been in the employ of the Company for over ten years, 15% over 20 years. Varying lengths of faithful service are recognized by the presentation of gold medals and gold watches. Every effort is made to promote safety and to protect health. At all locations where the number of employees justifies it, a cafeteria is operated to serve wholesome meals at reasonable prices.

For many years, a group insurance plan has been in operation, which covers every employee after three months' service. The cost of this plan is borne by the Company. In addition, a cooperative insurance plan is in effect under which employees can procure addi-

tional insurance at a low cost because of the cooperative nature of the plan.

Employees are entitled to vacations with pay in accordance with a definite policy and schedule. A suggestion system has been in operation for many years, under which an employee is rewarded financially according to the merits of his suggestion.

A formal retirement plan was adopted on May 1, 1942 to provide retirement allowances for employees when they reach 65 years of age. During the war, retirement at 65 years of age was not enforced due to scarcity of workers. However, since the war, compulsory retirement at this age has been made effective. The cost of the retirement plan is borne by the Company. The Mellon National Bank and Trust Company of Pittsburgh is trustee for the funds of the retirement system. The Company's record during the past 12 months was due in large part to the loyalty, experience, and ability of our employees. The management sincerely appreciates their contributions to the success of this business.



HEINZ OF CANADA

In spite of war-time difficulties, the most substantial growth in the 38-year history of our Canadian subsidiary has occurred in the years since 1940. Sales in the last fiscal year increased 23% over the previous fiscal year. Scarcity of raw materials and supplies, together with rigid governmental restrictions, removed

many popular varieties from the line. However, the demand for the remaining items increased sharply.

In addition to producing merchandise for the Canadian market, our plants at Leamington and Wallaceburg, both in Ontario, produce large quantities of merchandise for the general world export market.



HEINZ OF ENGLAND

Our British subsidiary established a notable record in its first complete peacetime fiscal year. The value of sales increased 36% over the previous fiscal year.

As in the war years, the British Ministry of Food continues its policy of bulk buying and allocates to industry, for specific purposes, such raw materials as beans, tomato pulp, meat, vegetable oils, etc. Packaging materials of all kinds are under rigid governmental control, and paper and tins are still subject to allocation.

For many years, the Company has operated a large plant at Harlesden, on the outskirts of London. During the past fiscal year, the Company began operations at another plant located at Standish, within thirty miles of Manchester and Liverpool. Here, in 1946, we began the production of Strained Foods. They have been warmly received by British mothers.

During the past year, it was found possible to replace some of the equipment which had borne the brunt of seven years of sustained war-time effort. The manufacturing building which was bombed during the war has been repaired and the equipment restored. The present food situation in Great Britain permits little volume of export trade. However, some shipments have been made to Egypt, Palestine, West Africa, South Africa and India. Export is still rigidly controlled by government license. As governmental restrictions are eased, export sales from Great Britain will increase. At the present time, the Company's personnel in Great Britain numbers approximately 3000. Unless the British Treasury further seriously curtails the importation of raw materials because of exchange problems, the British Company can look forward to another successful year.



HEINZ OF AUSTRALIA

Shortages of raw materials have characterized the operations of the Australian subsidiary during the past fiscal year. For the same reason, variety is extremely limited. The shortage of tins is a major problem, and it influences every action.

Notwithstanding these difficulties, sales in Australia increased 2% during the past fiscal year. Heinz products have a high standing throughout the Commonwealth, and when shortages have eased, there will be an opportunity to increase production and sales.

OUTLOOK

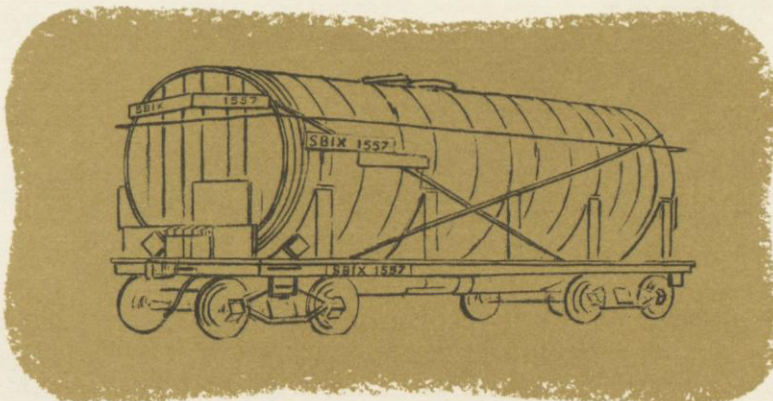
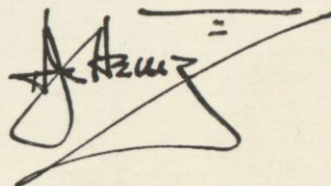
During the past year, shortages of sugar and tinplate sharply restricted the production of spaghetti, macaroni, pickles and jellies. However, the only continuing shortage is sugar and even the supply of that commodity is improving.

Other factors which will affect sales during the coming year are: the extent of government buying of raw materials for relief shipments, the scale of industrial activity in this country, and the degree of economic recovery throughout the rest of the world.

The year ahead will call for business management of

the highest order. Industry has an opportunity to play a major role in warding off any possible recession. The times call for honest leadership, for maintenance of the highest quality, for production at the lowest possible cost in keeping with that quality, for aggressive salesmanship and for a program of management-labor cooperation under which each group will recognize its responsibility to the other.

Dedicated to such a program, H. J. Heinz Company enters another year with confidence and optimism.





SEVILLE, SPAIN



STANDISH, ENGLAND



MELBOURNE, AUSTRALIA



HARLESDEN, ENGLAND



Legend

- ★ *Factories*
- ▲ *Sales branch
warehouses*
- *Pickle receiving
and salting*
- *Tomato receiving*
- *Pea receiving*

INDEX OF FINANCIAL STATEMENTS

Auditors' Certificate	17
Comparative Consolidated Balance Sheet.....	18-19
Notes to Consolidated Balance Sheet.....	20
Comparative Consolidated Profit and Loss....	21
Notes to Consolidated Profit and Loss.....	22
Consolidated Earned Surplus.....	23
Summary of Income Statements—Ten Years..	24-25

TOUCHE, NIVEN & CO.
CERTIFIED PUBLIC ACCOUNTANTS
233 BROADWAY
NEW YORK 7, N. Y.

June 13, 1947.

TO THE BOARD OF DIRECTORS,
H. J. HEINZ COMPANY,
Pittsburgh 30, Pennsylvania:

We have examined the consolidated balance sheet of H. J. Heinz Company and its consolidated subsidiary companies as at April 30, 1947, and the related statements of consolidated profit and loss and consolidated earned surplus for the year then ended. In connection with such examination, we have reviewed the system of internal control and the accounting procedures of the domestic and Canadian companies and, without making a detailed audit of the transactions, have examined or tested accounting records of the companies and other supporting evidence by methods and to the extent we deemed appropriate. The financial statements of the foreign subsidiary companies in England and Australia, the net assets of which comprise approximately 14% of the net assets shown in the consolidated balance sheet, have been examined by independent chartered accountants for the same period, and we have been furnished with the reports covering such examinations.

In our opinion, based upon the examinations made by us and relying upon the aforesaid reports of independent chartered accountants with respect to the financial statements of foreign subsidiary companies in England and Australia, the accompanying consolidated balance sheet and the related statements of consolidated profit and loss and consolidated earned surplus (prepared on the principles of consolidation explained in the notes thereto) present fairly the consolidated position of H. J. Heinz Company and its consolidated subsidiary companies at April 30, 1947 and the consolidated results of their operations for the year then ended, in conformity with generally accepted accounting principles applied by each of the companies on bases consistent with those of the preceding year.

TOUCHE, NIVEN & CO.

H. J. HEINZ COMPANY
(A Pennsylvania corporation)
AND CONSOLIDATED SUBSIDIARY COMPANIES
COMPARATIVE CONSOLIDATED BALANCE SHEET

A S S E T S		April 30, 1947	April 30, 1946
CURRENT ASSETS:			
Cash in banks and on hand.....	\$	9,301,937	\$ 6,763,565
United States Government obligations, at cost.....		73,023	73,023
Accounts receivable:			
Trade debtors, less reserves: 1947, \$125,000; 1946, \$108,513.....		8,925,735	7,172,217
Claims against U. S. Commodity Credit Corporation for subsidies.....		—	698,882
Sundry debtors		1,087,879	530,890
Inventories of finished goods, work in process and materials and supplies, on the basis of cost or market, whichever is lower (See Note 2).....		48,414,460	35,647,784
Devon Cannery (foreign), advances in connection with operations.....		124,836	98,013
	\$	67,927,870	\$50,984,374
PREPAID EXPENSES AND DEFERRED CHARGES:			
Supplies	\$	821,099	\$ 686,015
Insurance, taxes, unamortized cost of pallets, etc.....		1,352,504	540,654
	\$	2,173,603	\$ 1,226,669
INVESTMENT IN AND ADVANCES TO NON-CONSOLIDATED SUBSIDIARY— at cost.....	\$	233,997	\$ 233,761
OTHER ASSETS:			
War damage claim (foreign).....	\$	352,051	\$ 473,735
Deposits with mutual and reciprocal insurance groups.....		315,392	289,930
Post-war refund of English and Canadian excess profits tax.....		177,975	116,824
Stock contracts with officers and directors (H. J. Heinz Company common stock held as collateral).....		106,666	128,819
Miscellaneous		116,669	253,452
	\$	1,068,753	\$ 1,262,760
FIXED ASSETS, at cost less depreciation:			
Land	\$	2,427,059	\$ 2,453,898
Buildings and leasehold improvements.....		19,914,422	19,236,348
Equipment and fixtures.....		30,790,349	28,142,650
	\$	53,131,830	\$49,832,896
Less reserves for depreciation.....		22,254,021	20,862,615
	\$	30,877,809	\$28,970,281
		\$102,282,032	\$82,677,845

See accompanying explanatory notes.

H. J. HEINZ COMPANY
(A Pennsylvania corporation)
AND CONSOLIDATED SUBSIDIARY COMPANIES
COMPARATIVE CONSOLIDATED BALANCE SHEET

LIABILITIES

	April 30, 1947	April 30, 1946
CURRENT LIABILITIES:		
Notes payable — banks	\$ —	\$ 2,500,000
Accounts payable:		
Trade creditors	5,201,567	3,955,011
Due to present and former officers and employees.....	587,941	—
Due to trustee under employees' retirement system (See Note 3)	901,553	866,349
Sundry creditors	1,048,918	530,215
Accrued liabilities:		
Salaries, wages, salesmen's expenses, etc.....	1,476,620	1,560,724
Federal, state and local taxes (other than taxes on income).....	677,832	460,595
Reserve for taxes on income:		
For United States taxes	3,800,000	3,338,568
For foreign taxes, net of income tax certificates: 1947, \$560,381; 1946, \$1,076,889.....	1,646,145	766,820
Dividend on 4% preferred stock.....	—	100,000
	<u>\$ 15,340,576</u>	<u>\$14,078,282</u>
DUE TO FORMER OFFICERS AND EMPLOYEES, payable after one year.....	<u>\$ 1,289,015</u>	<u>\$ 1,899,331</u>
RESERVES FOR:		
Possible future inventory price decline and other contingencies.....	\$ 5,000,000	\$ 3,000,000
Management profit-sharing plan.....	1,966,642	1,912,703
Possible losses in foreign investments.....	2,250,000	1,750,000
Post-war repairs and replacements to plant and equipment (foreign).....	590,649	466,996
Workmen's compensation claims.....	25,000	25,000
Future income taxes (foreign).....	684,250	257,600
	<u>\$ 10,516,541</u>	<u>\$ 7,412,299</u>
CAPITAL STOCK AND SURPLUS:		
Cumulative preferred stock — authorized, 200,000 shares, par value \$100 per share, issuable in series:		
3.65% series — authorized, issued and outstanding, 100,000 shares (See Note 4).....	\$ 10,000,000	\$ —
4% cumulative preferred stock.....	—	5,000,000
Common stock — authorized, 2,000,000 shares, par value \$25 per share:		
Issued, 1,640,000 shares; held in treasury, 231,336 shares; outstanding, 1,408,664 shares.....	35,216,600	—
Common stock — par value \$100 per share.....	—	30,226,600
Capital surplus — representing excess of proceeds from sale of preferred and common stocks over the par value thereof	2,810,000	—
Earned surplus, per accompanying statement (See Note 5).....	27,109,300	24,061,333
	<u>\$ 75,135,900</u>	<u>\$59,287,933</u>
	<u><u>\$102,282,032</u></u>	<u><u>\$82,677,845</u></u>

See accompanying explanatory notes.

H. J. HEINZ COMPANY
AND CONSOLIDATED SUBSIDIARY COMPANIES
NOTES TO CONSOLIDATED BALANCE SHEET, APRIL 30, 1947

(1) In the preparation of the consolidated balance sheet and the related statements of consolidated profit and loss and consolidated earned surplus, all domestic and foreign subsidiary companies, with the exception of the Spanish subsidiary, have been consolidated. Current assets and current liabilities of the Canadian company and of the English company and its Australian subsidiary have been translated from foreign currencies at official selling rates of exchange prevailing at the fiscal year end; the remaining assets and liabilities have been stated, in the main, at their approximate U. S. dollar equivalent at the time of acquisition. As included in the consolidated balance sheet, April 30, 1947, the investments in foreign countries, all of which are generally subject to controls imposed by foreign governments, are summarized as follows:

	Total net assets	Current assets less current liabilities	Other assets less other liabilities
Canada	\$10,111,800	\$ 5,090,258	\$5,021,542
England	9,312,647	5,587,743	3,724,904
Australia	1,477,699	1,085,591	392,108
	<u>\$20,902,146</u>	<u>\$11,763,592</u>	<u>\$9,138,554</u>

In respect of the aggregate net assets in Canada, England, Australia, and the investment in Spain, the Corporation has provided a reserve of \$2,250,000 for possible losses in its foreign investments through exchange depreciation or other causes.

(2) Inventories of finished goods, work in process, and materials and supplies are stated on the basis of cost or market, whichever is lower, and comprise the following:

	Total	United States company	Foreign companies
Finished goods	\$29,693,070	\$23,671,039	\$ 6,022,031
Work in process.....	3,723,299	2,874,247	849,052
Materials and supplies.....	14,998,091	9,809,021	5,189,070
	<u>\$48,414,460</u>	<u>\$36,354,307</u>	<u>\$12,060,153</u>

(3) The balance of the actuarial estimate for prior service costs, with respect to the voluntary self-administered employees' retirement systems adopted by the Company and its subsidiaries, neither funded nor provided for at April 30, 1947, amounted to approximately \$3,500,000, of which \$1,300,000 was applicable to the foreign subsidiaries.

(4) Preferred stock charter provisions:

The 3.65% cumulative preferred stock is redeemable on or before October 1, 1951 at a price of \$107.75 for optional redemption, or at a price of \$105.25 if redeemed through the sinking fund, and at decreased prices thereafter.

On October 1, 1947, the Company will be required to pay to the sinking fund agent the sum of \$200,000 to be used as a sinking fund for the purchase or redemption of the cumulative preferred stock.

(5) Under the provisions relating to the cumulative preferred stock, the portion of the consolidated earned surplus of \$27,109,300 which is unrestricted as to the payment of dividends on the common stock is \$10,446,717.

H. J. HEINZ COMPANY
AND CONSOLIDATED SUBSIDIARY COMPANIES
COMPARATIVE CONSOLIDATED PROFIT AND LOSS

	Fiscal year ended April 30,	
	1947	1946
Net sales	\$144,245,863	\$114,150,564
Cost of sales (See Note 1)	100,415,998	80,223,367
Gross profit	\$ 43,829,865	\$ 33,927,197
Selling, general and administrative expenses (See Note 1)	29,750,557	24,652,220
Profit from operations	\$ 14,079,308	\$ 9,274,977
Other income:		
Discounts earned	\$ 447,780	\$ 327,756
Interest earned	56,156	84,009
Profit on sales of fixed assets (net)	103,597	3,509
Foreign exchange adjustments (net)	478,520	18,384
Miscellaneous (net)	64,170	12,373
	\$ 1,150,223	\$ 446,031
	\$ 15,229,531	\$ 9,721,008
Income deductions:		
Interest expense	\$ 205,347	\$ 142,912
Provision for management profit-sharing plan	256,054	236,139
	\$ 461,401	\$ 379,051
	\$ 14,768,130	\$ 9,341,957
Provision for taxes on income:		
Federal income taxes	\$ 3,669,806	\$ 1,910,000
Federal excess profits tax	—	1,380,000
Foreign	2,494,038	1,371,065
	\$ 6,163,844	\$ 4,661,065
	\$ 8,604,286	\$ 4,680,892
Deduct provision for contingencies:		
Possible future inventory price decline	\$ 2,000,000	\$ 500,000
Possible loss in foreign investments	500,000	128,808
	\$ 2,500,000	\$ 628,808
Balance of net income, to accompanying statement of earned surplus	\$ 6,104,286	\$ 4,052,084

See accompanying explanatory notes.

H. J. HEINZ COMPANY
AND CONSOLIDATED SUBSIDIARY COMPANIES
NOTES TO CONSOLIDATED PROFIT AND LOSS

(1) Consolidated production costs (affecting both cost of goods sold and inventories), selling, general, and administrative expenses include depreciation of \$1,829,869 for the fiscal year ended April 30, 1947 and \$1,574,400 for the fiscal year ended April 30, 1946.

(2) The net sales and net income of the foreign subsidiary companies as included in the consolidated statement of profit and loss follow:

	Year ended			
	April 30, 1947		April 30, 1946	
	Net sales	Net income	Net sales	Net income
Canadian, English and Australian Subsidiaries.....	\$33,276,223	\$2,552,045	\$24,870,903	\$1,209,149
Less provision for possible losses in foreign investments.....		500,000		128,808
		<u>\$2,052,045</u>		<u>\$1,080,341</u>

During the fiscal year ended April 30, 1947 dividends amounting to \$2,999,113 were received from the foreign subsidiaries as compared with \$201,250 for the previous fiscal year.

H. J. HEINZ COMPANY
AND CONSOLIDATED SUBSIDIARY COMPANIES
CONSOLIDATED EARNED SURPLUS
FISCAL YEAR ENDED APRIL 30, 1947

Balance, May 1, 1946	\$24,061,333
Add balance of net income, per accompanying statement:.....	6,104,286
	<u>\$30,165,619</u>
Deduct:	
Dividends paid during the year in cash:	
On 4% cumulative preferred stock	\$ 100,000
On 3.65% cumulative preferred stock	168,308
On new common stock (\$25 par value) at \$.90 per share	1,268,158
On old common stock (\$100 par value) at \$3.00 per share	906,798
	<u>\$2,443,264</u>
Excess of cost of treasury stock repurchased over the par value thereof	8,496
Provisions for foreign income taxes applicable to profits of prior years	358,225
Expenses incurred in connection with registration of Company's securities	96,334
Premium paid on retirement of 4% cumulative preferred stock	150,000
	<u>3,056,319</u>
Balance, April 30, 1947, to accompanying balance sheet	<u>\$27,109,300</u>

H. J. HEINZ COMPANY
AND CONSOLIDATED SUBSIDIARIES
SUMMARY OF INCOME STATEMENTS, FISCAL YEARS ENDED APRIL 30

	<u>1947</u>	<u>1946</u>	<u>1945</u>	<u>1944</u>
Net sales and commissions.....	\$144,245,863	\$114,150,564	\$112,815,488	\$93,351,553
Deduct:				
Cost of goods sold.....	\$100,415,998	\$ 80,223,367	\$ 78,948,651	\$63,693,999
Selling, general and administrative expenses....	29,750,557	24,652,220	22,800,953	19,616,528
	<u>\$130,166,555</u>	<u>\$104,875,587</u>	<u>\$101,749,604</u>	<u>\$83,310,527</u>
Profit from operations.....	\$ 14,079,308	\$ 9,274,977	\$ 11,065,884	\$10,041,026
Other income (net), including foreign exchange adjustments	1,150,223	446,031	244,184	598,088
	<u>\$ 15,229,531</u>	<u>\$ 9,721,008</u>	<u>\$ 11,310,068</u>	<u>\$10,639,114</u>
Other deductions — interest expense and provision for management profit sharing plan.....	461,401	379,051	543,205	366,851
	<u>\$ 14,768,130</u>	<u>\$ 9,341,957</u>	<u>\$ 10,766,863</u>	<u>\$10,272,263</u>
Provision for taxes on income.....	6,163,844	4,661,065	6,284,809	6,383,515
Net income	\$ 8,604,286	\$ 4,680,892	\$ 4,482,054	\$ 3,888,748
Provision for possible future inventory price de- cline, loss on foreign investments and other contingencies	2,500,000	628,808	1,082,020	224,183
Balance of net income.....	<u>\$ 6,104,286</u>	<u>\$ 4,052,084</u>	<u>\$ 3,400,034</u>	<u>\$ 3,664,565</u>
Net income per share of common stock (A).....	\$4.14	\$3.19	\$2.65	\$2.87
Cash dividends per share of common stock (A)...	1.65	1.50	1.50	1.50

(A) Adjusted for the fiscal years 1938 to 1946, inclusive, to give effect to conversion of 4 shares for 1 share in October, 1946.
* Red Figures.

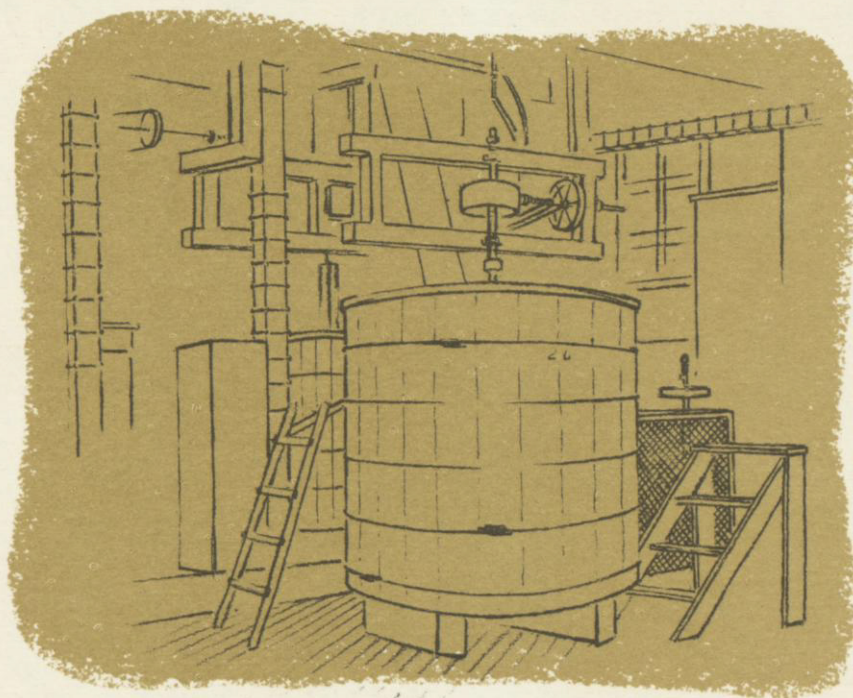
H. J. HEINZ COMPANY
AND CONSOLIDATED SUBSIDIARIES
SUMMARY OF INCOME STATEMENTS, FISCAL YEARS ENDED APRIL 30

<u>1943</u>	<u>1942</u>	<u>1941</u>	<u>1940</u>	<u>1939</u>	<u>1938</u>
<u>\$84,076,441</u>	<u>\$71,900,304</u>	<u>\$62,021,688</u>	<u>\$62,715,172</u>	<u>\$58,827,133</u>	<u>\$57,080,913</u>
\$57,411,000	\$43,494,876	\$36,174,638	\$35,139,098	\$35,298,391	\$33,284,165
<u>19,308,705</u>	<u>21,546,755</u>	<u>20,406,410</u>	<u>20,063,395</u>	<u>19,058,220</u>	<u>19,238,524</u>
<u>\$76,719,705</u>	<u>\$65,041,631</u>	<u>\$56,581,048</u>	<u>\$55,202,493</u>	<u>\$54,356,611</u>	<u>\$52,522,689</u>
\$ 7,356,736	\$ 6,858,673	\$ 5,440,640	\$ 7,512,679	\$ 4,470,522	\$ 4,558,224
109,106	253,017	1,281,454	1,754,554*	63,661	184,615
<u>\$ 7,465,842</u>	<u>\$ 7,111,690</u>	<u>\$ 6,722,094</u>	<u>\$ 5,758,125</u>	<u>\$ 4,534,183</u>	<u>\$ 4,742,839</u>
248,957	394,133	203,130	225,446	308,060	276,303
<u>\$ 7,216,885</u>	<u>\$ 6,717,557</u>	<u>\$ 6,518,964</u>	<u>\$ 5,532,679</u>	<u>\$ 4,226,123</u>	<u>\$ 4,466,536</u>
<u>3,566,088</u>	<u>2,795,073</u>	<u>1,871,595</u>	<u>2,587,372</u>	<u>1,223,519</u>	<u>1,067,323</u>
<u>\$ 3,650,797</u>	<u>\$ 3,922,484</u>	<u>\$ 4,647,369</u>	<u>\$ 2,945,307</u>	<u>\$ 3,002,604</u>	<u>\$ 3,399,213</u>
330,763	698,434	1,085,792	500,000	100,000	100,000
<u>\$ 3,320,034</u>	<u>\$ 3,224,050</u>	<u>\$ 3,561,577</u>	<u>\$ 2,445,307</u>	<u>\$ 2,902,604</u>	<u>\$ 3,299,213</u>
\$2.58	\$2.67	\$2.95	\$2.02	\$2.40	\$2.73
1.50	1.50	1.50	1.875	1.50	1.50

MEET THE 57 VARIETIES

1. Heinz Oven-Baked Beans with Pork and Tomato Sauce.
2. Heinz Oven-Baked Beans with Molasses Sauce and Pork — Boston Style.
3. Heinz Oven-Baked Beans in Tomato Sauce without Meat — Vegetarian.
4. Heinz Chili Con Carne.
5. Heinz Condensed Cream of Asparagus Soup.
6. Heinz Condensed Cream of Green Pea Soup.
7. Heinz Condensed Cream of Mushroom Soup.
8. Heinz Condensed Cream of Tomato Soup.
9. Heinz Condensed Chicken Soup with Rice.
10. Heinz Condensed Beef Noodle Soup.
11. Heinz Condensed Bean Soup with Smoked Pork.
12. Heinz Condensed Gumbo Creole Soup.
13. Heinz Condensed Chicken Noodle Soup.
14. Heinz Condensed Cream of Chicken Soup.
15. Heinz Condensed Clam Chowder.
16. Heinz Condensed Pepper Pot Soup.
17. Heinz Condensed Scotch Broth.
18. Heinz Condensed Beef Soup with Vegetables.
19. Heinz Condensed Vegetable Soup with Beef Stock.
20. Heinz Condensed Vegetable Soup without Meat.
21. Heinz Mince Meat.
22. Heinz Fig Pudding.
23. Heinz Plum Pudding.
24. Heinz Cooked Spaghetti.
25. Heinz Cooked Macaroni.
26. Heinz Apple Jelly.
27. Heinz Crabapple Jelly.
28. Heinz Grape Jelly.
29. Heinz Red Currant Jelly.
30. Heinz Apple Butter.
31. Heinz Peanut Butter.
32. Heinz Pickles — Sweet and Sour.
33. Heinz Chow Chow Pickle.
34. Heinz Dill Pickles.
35. Heinz Fresh Cucumber Pickle.
36. Heinz Dilled Cucumber Pickle.
37. Heinz Sweet Mustard Pickle.
38. Heinz India Relish.
39. Heinz Preserved Onions.
40. Heinz Pre-Cooked Cereal Food.
41. Heinz Pre-Cooked Oatmeal.
42. Heinz Strained Foods.
43. Heinz Junior Foods.
44. Heinz Prepared Mustard.
45. Heinz Prepared Mustard (Mild).
46. Heinz Grape Juice.
47. Heinz Honeyed Prune Juice.
48. Heinz Tomato Juice.
49. Heinz Tomato Ketchup.
50. Heinz Chili Sauce.
51. Heinz 57 Sauce.
52. Heinz Worcestershire Sauce.
53. Heinz Dehydrated Horse Radish.
54. Heinz Cider Vinegar.
55. Heinz White Vinegar.
56. Heinz Malt Vinegar.
57. Heinz Tarragon Vinegar.

Distributed for other manufacturers—Sun-Maid Raisins, Magic Onions and Swerl.



57

